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## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

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<b>2001 Assembly Bill 348</b>	<b>Assembly Substitute Amendment 1</b>
Memo published: March 6, 2002      Contact: Richard Sweet, Senior Staff Attorney (266-2982)	

### Current Law

Current law requires that the fiscal agent for Medical Assistance (MA) also be the administrator for the Health Insurance Risk-Sharing Plan (HIRSP).

### Assembly Bill 348

Assembly Bill 348 includes the following provisions:

1. The bill repeals the requirement that the fiscal agent for MA also administer HIRSP. Rather, the bill requires that the HIRSP administrator be selected by the Department of Health and Family Services (DHFS) and the HIRSP Board of Governors in a competitive, request-for-proposals process.

2. The bill requires the HIRSP Board of Governors to establish one or more contract procurement oversight committees to do the following: (a) develop and recommend the request for proposals (which must be approved by both the Board of Governors and DHFS); (b) evaluate the technical proposals and the accompanying cost proposals that are submitted; (c) request and evaluate best and final offers and undertake negotiations; and (d) recommend to the Board of Governors the selection of the HIRSP administrator and the award of a contract for plan administration.

3. The bill requires the HIRSP administrator to submit regular reports to DHFS and the HIRSP Board of Governors regarding the operation of the plan. The frequency, content, and form of the reports are determined by DHFS and the board.

4. The bill requires the HIRSP administrator to be paid as provided in the contract for plan administration for direct and indirect expenses, including printing costs, claims administration costs, management costs, building overhead expenses, and other actual operating and administrative expenses.

5. The bill requires DHFS and the HIRSP Board of Governors to prepare and issue a request for proposals that specifies and describes the requirements for work to be performed under the contract for administration of HIRSP and the form in which cost proposals must be submitted, and that discloses the evaluation process and the evaluation criteria that will be used to select the HIRSP administrator. The bill sets forth certain contract award specifications that must be included in the request for proposals.

6. The bill specifies that after initially evaluating the proposal submitted, the oversight committee may enter negotiations with, and request best and final offers from, no more than three of the offerors that are the most likely to receive the contract to administer HIRSP. After receiving these offers and completing the final evaluation, the committee is required to recommend to the board the selection of a HIRSP administrator. Taking this recommendation into consideration, DHFS and the HIRSP Board of Governors must award a fixed-price contract to the person submitting the proposal that DHFS and the HIRSP Board of Governors determine offers the most advantageous combination of price and technical expertise. Contracts that are awarded have a term of three years. The bill first applies to administration of HIRSP under a contract beginning on July 1, 2002.

#### **Assembly Substitute Amendment 1**

Assembly Substitute Amendment 1 includes the following provisions:

1. The substitute amendment repeals the requirement that the fiscal agent for MA also administer HIRSP. Rather, the substitute amendment requires that the HIRSP administrator be selected by DHFS and the HIRSP Board of Governors together in a competitive, request-for-proposals process.

2. The substitute amendment requires the HIRSP Board of Governors to establish an oversight committee regarding the selection of the plan administrator and requires DHFS to work with the HIRSP Board of Governors and the plan administrator selection committee to do the following: (a) develop and issue a request for proposals; (b) evaluate technical proposals and accompanying cost proposals that are submitted; (c) request and evaluate best and final offers; and (d) select the HIRSP administrator.

3. The substitute amendment requires the HIRSP administrator to submit regular reports to DHFS, the HIRSP Board of Governors, and the plan administrator selection committee, regarding the operation of HIRSP. The frequency, content, and form of the reports are to be determined by DHFS, the HIRSP Board of Governors and the plan administrator selection committee.

4. The substitute amendment specifies that any contract that is awarded for administration of HIRSP will have a term of three years. However, DHFS, with the concurrence of the HIRSP Board of Governors, may negotiate not more than two one-year extensions of a contract. In addition, a contract may be extended in order to facilitate the transition to administration of HIRSP by a succeeding HIRSP administrator. The start work date of the initial contract awarded under the substitute amendment may not be later than July 1, 2004.

**Legislative History**

On February 12, 2002, the Assembly Committee on Health recommended adoption of Assembly Substitute Amendment 1; and passage of the bill, as amended; both on votes of Ayes, 13; Noes, 1.

RNS:jal;wu